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STATE FOR WHA/CAN

E.O. 12958: N/A

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SUBJECT: MISSION CANADA 1ST QUARTER 2006 90-DAY GOALS

REF: STATE 183776

11. (SBU) Summary - Two issues will dominate our relationship with Canada over the next 90 days -- softwood lumber and climate change. The frustration and anger over softwood, whipped up in the current political climate, is palpable and continues to push out all else on our agenda. Our contribution here will be mostly one of trying to minimize the fallout by working hard behind the scenes to lower the rhetoric and try to get the two sides back to the table. On climate change we have a positive story to tell which is increasingly recognized: even though we did not sign Kyoto, we have been making progress, better than even Canada, on reducing greenhouse gas emissions. This should help create a public climate more conducive to a productive outcome at the international meeting on climate change in Montreal in early December. In addition, we will develop an action plan to improve law enforcement information sharing, stand up our readiness on potential avian flu outbreak and engage Foreign Affairs Canada on several administrative reciprocity issues. And to top it all off, we look forward to the visit to Ottawa by the Secretary of State. End summary.

Review of last quarter

12. (SBU) Managing the public dimension over Devil's Lake became easier once CEQ Chairman Connaughton was able to broker an approach with the Canadian, North Dakota and Manitoba governments on how to resolve the issue over the outlet. This helped relieve the political and public pressure here and has since allowed officials at CEQ and in the Privy Council to continue to hammer out an agreement. Ambassador's high-profile praise for the process helped reduce level of rhetoric. In addition, post supported the successful pilot shiprider exercise which should pave the way for longer term law enforcement interoperability measures. Internally, we completed our first newsletter for American citizens designed to encourage registration, improved interagency electronic communication within the Mission and stepped up our emergency preparedness.

13. (SBU) Hurricane Katrina unexpectedly drew Mission resources to coordinate offers of assistance and gave us an opportunity to express appreciation for Canadian support in a public climate soured by softwood lumber. In addition, the Toronto Consulate was able to draw on its crisis management training in its response to the Air France crash. Finally, post organized a 9/11 commemoration ceremony which Prime Minister Martin attended to unveil a plaque outside the Embassy.

1st Quarter 2006 Goals

14. (SBU) Goal 1 - Softwood lumber. To lower the rhetoric in Canada over this trade dispute and minimize the possibility that this spills out into other areas.

Background - Softwood lumber disputes between Canada and the U.S. go back to the 1700s. The current one began after an agreement lapsed in 2001, and has remained in the background while Canadians focused their attention on beef and water disputes in the last year. As those were cleared up, a NAFTA extraordinary panel ruled against us in August, and we responded with a technical, legalistic argument which prompted the current wave of indignation that we are disregarding dispute mechanisms and undermining NAFTA. In a political climate approaching elections, this becomes an easy issue to stand up tough to the U.S.

Activities:

--Straightforward traditional diplomacy of engaging Canadians in government and business circles privately, emphasizing the danger of raising this issue too high. Already, publicly there are calls from reputable opinion leaders to withdraw from NAFTA.

-- Publicly stress the benefits of NAFTA and U.S. commitment to NAFTA and the global free trading system and a successful conclusion to the WTO meetings in Hong Kong.

--Pass information back to Washington elements regarding evolving Canadian positions.

15. (SBU) Goal 2 - Climate change. To have the backdrop in Canada/Montreal for the COP-11 meeting receptive to U.S. perspectives on climate change by highlighting U.S. efforts, concentrate actions, projects to address climate change and engaging Canadian leadership, special interest groups and the broad public on this issue.

Background - Canada is proudly hosting the first climate change summit of the Conference of the Parties (COP-11) since the Kyoto protocol was ratified and put in place. Canada has told us they would like a constructive conference which begins to look at post-Kyoto arrangements. We want to draw attention to a positive record on climate change action and results despite our not signing Kyoto. U/S Dobriansky will be leading the U.S. delegation to this conference, and we will provide public affairs and administrative support for the delegation.

Activities:

--Organize public affairs opportunities for U/S Dobriansky, OES climate change envoy Watson and other USG officials.

--Pursue an aggressive outreach strategy with Ambassador and Mission officers through media and speaking opportunities for expert and non-expert audiences.

--Identify and visit U.S.-Canada collaborative research centers, projects and initiatives which reduce greenhouse gas emissions.

--Design and support a public affairs strategy for actual conference.

16. (SBU) Goal 3 - Information sharing. To develop and begin implementing a Mission-wide plan to improve law enforcement information sharing in a post-Arar atmosphere.

Background - Our Mission Performance Plan highlights the critical importance of a fluid information flow with Canada, at a time when the impact of the Arar Commission has become noticeably counterproductive to effective and efficient law enforcement cooperation. The final report from the Commission is not due out until early next year, but we will seek to advance several initiatives over the next few months to improve information sharing.

Activities:

--Embassy law enforcement group will convene and develop an action plan over the next 90 days to prepare for Arar Commission report release and to advance several long-standing initiatives which would enhance our ability to share information with the Canadians more fluidly, such as (a) promoting the amendment to the Proceeds of Crime investigation which would facilitate sharing financial seizure info at the border, (b) completing next steps towards permanent shiprider agreement, and (c) promoting exchange of officers in DHS and PSECP operations centers.

17. (SBU) Goal 4 - Emergency preparedness - Avian flu. To identify and implement appropriate steps and measures to enhance our preparedness to respond to possible avian flu outbreak.

Background - State 183776 provides guidance for posts about preparing for possibility of outbreak of avian flu pandemic. Embassy and Consulates in Canada present a unique challenge in that none of our posts have medical officers, and we rely heavily on local medical services available.

Activities:

--Embassy and all Consulates convene EACs to develop action plans for implementation refel recommendations.

--Arrange video conference with State Med to discuss options.

--Reach out to Canadian medical and public health authorities to monitor situation, identify points of contact and discuss strategies in the event of outbreak.

18. (SBU) Goal 5 - Reciprocity on management issues. To get Canada to appreciate imbalance in reciprocity issues for taxes and spouse employment and then to loosen restrictions.

Background - Post will engage Foreign Affairs Canada to point out issues of tax relief and spouse employment where this Embassy receives less favorable treatment than Canada's Embassy and diplomats in the U.S.

Mission issues include the fact that Canada doesn't grant the Mission itself exemption from all taxes, only diplomats, so

we submit our official tax returns in an employee's name. We'll also want to get the other consulates to try for an exemption from municipal property taxes on our rented properties. The main individual tax goal would be point of sale relief for GST as well as PST. A second could be a simpler system for refunding taxes other than the cut and paste we now do. These issues have been addressed many times without success.

Activities:

--Review and create inventory of existing tax issues; consult with State Department OFM.

--Engage Foreign Affairs Protocol and U.S. Divisions, working also through Consular Corps and Deans.

--Prepare inventory of spousal employment issues and share with Foreign Affairs Canada and State Department to raise awareness in both capitals of difficulties spouses face here.

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